

## Message Text

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PAGE 01 STOCKH 00733 241335Z  
ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 SP-02 USIA-06 AID-05 EB-08  
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00  
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R 221048Z FEB 78  
FM AMEMBASSY STOCKHOLM  
TO SECSTATE WASHDC 3100  
INFO AMEMBASSY ANKARA  
AMEMBASSY ATHENS  
AMEMBASSY BERN  
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AMEMBASSY BRUSSELS  
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AMEMBASSY THE HAGUE  
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AMEMBASSY LISBON  
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AMEMBASSY LUXEMBOURG  
AMEMBASSY MADRID  
AMEMBASSY OSLO  
AMEMBASSY OTTAWA  
AMEMBASSY PARIS  
AMEMBASSY REYKJAVIK  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
AMEMBASSY VIENNA  
AMEMBASSY WELLINGTON

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PAGE 02 STOCKH 00733 241335Z

USOECD

E.O. 11652: N/A  
TAGS: EFIN, SW, NW, GW, FN  
SUBJECT: NORDIC EXCHANGE RATES, NORWAY AND THE  
SNAKE, THE NORDICS AND THE GERMANS

1. SOURCE CLOSE TO MINISTER OF FINANCE HAS PROVIDED US SOME INTERESTING COMMENTARY ON RECENT DEVALUATION BY NORWEGIANS AND ON RELATIONSHIPS WITH THE FRG. CONTACT EMPHASIZED SWEDISH EQUANIMITY TOWARD NORWEGIAN DEVALUATION. SWEDISH DEVALUTATIONS OF 1977 DEPRECIATED SWEDISH KRONA BY AROUND TEN PERCENT AGAINST THE NORWEGIAN KRONA, SO RECENT ACTION HAS ERODED ONLY ABOUT HALF OF THAT ADVANTAGE. FURTHERMORE, WHILE EFFECTIVE RATE OF NORWEGIAN DEVALUATION AGAINST SWEDES IS ONLY FIVE PERCENT, IT IS A FULL SIX PERCENT AGAINST THE WEST GERMANS, THUS GIVING THE SWEDES A TINY INCREMENTAL ADVANTAGE AGAINST THEIR CHIEF COMPETITORS IN THE NORWEGIAN MARKET. SWEDES ARE NOT CONCERNED THAT NORWEGIAN DEVALUATION WILL START WAVE OF SPECULATION AGAINST SWEDISH CURRENCY. IF SUCH A WAVE WERE COMING IT WOULD HAVE COME WHEN SWEDEN ANNOUNCED SIZABLE BUDGET DEFICIT FOR FY 78/79 (JANUARY 1978).

2. ACCORDING TO OUR SOURCE, NORWEGIAN GOVERNMENT WAS ALMOST TORN ASUNDER BY DECISION TO REMAIN IN THE NSAKE. EVIDENTLY FINAL DECISION TO LEAVE WAS ONLY AVERTED BY LAST MINUTE CALL FROM SCHMIDT TO NORDLI. CHANGE IN PLANS ALLEGEDLY CAUSED CONSIDERABLE HAGGLING AND DISAGREEMENT IN OSLO. SWEDES BELIEVE NORWEGIAN KRONA WILL CONTINUE TO BE DRAGGED UPWARDS BY THE DEUTSCHEMARK TO THE CONTINUING DISADVANTAGE OF NORWEGIANS.  
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PAGE 03 STOCKH 00733 241335Z

3. SWEDES WERE ALSO BEMUSED BY DECISION OF DANES AGAINST DEVALUATION. ACCORDING TO OUR CONTACT, WHEN ASKED WHY NO DEVALUATION THE DANES SIMPLY SHRUGGED. CONCLUSION HERE IS THAT DANES ARE NOW FUNCTIONARIES OF "BUNDESBANK NORTH." NO DOUBT, GOES THIS CONJECTURE, THE EC PRESIDENCY HAS SOME IMPACT ON DANISH DESIRE TO PROVE IT IS A MEMBER IN GOOD STANDING IN EC.

4. FINALLY, WE LEARNED THAT MINISTER OF FINANCE BOHMAN, WHO HAS BEEN TRYING FOR SEVERAL MONTHS TO ARRANGE A MEETING WITH "THE GERMANS," HAS BEEN GRANTED AN INTERVIEW WITH FRG MINISTER OF ECONOMICS. OUR CONTACT NOTED DISPARAGINGLY THAT DATE SET WAS MARCH 30, IMMEDIATELY BEFORE EASTER HOLIDAYS. THIS DATE MEANS THAT BOHMAN WILL NOT BE ABLE TO MEET ALSO WITH NEW FRG FINANCE MINISTER. NO DOUBT GERMANS ARE WELL AWARE THAT PURPOSE OF MEETING IS TO ALLOW SWEDES ONCE AGAIN TO MAKE PITCH THAT MORE EXPANSIONARY ECONOMIC POLICY BY FRG IS CRUCIAL TO EUROPEAN ECONOMIC HEALTH. NEVERTHELESS, IT IS REMARKABLE THAT FIRST TIME AVAILABLE FOR MEETING FINANCE MINISTER OF COUNTRY AS IMPORTANT

AS SWEDEN IS MARCH 30.  
KENNEDY-MINOTT

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN EXCHANGE RATES, DEVALUATIONS  
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**Draft Date:** 22 feb 1978  
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**TAGS:** EFIN, SW, NO, GE  
**To:** STATE  
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